

North Carolina Department of Commerce
Division of Employment Security
Unemployment Insurance Oversight Committee Agenda Topics
Jan. 28, 2020

Financial Information

- Trust Fund Balance closes in on \$4 billion
 - Trust Fund Balance: \$3,811,988,713.03
 - CY 2009: Paid out \$2.3 billion in UI benefits
 - 922k claims filed in 2008
 - CY 2012: Paid \$1.3 billion
 - 679k claims filed
 - CY 2019: Paid \$177 million
 - 82,574 Form 1099s mailed in January
 - Currently paying \$3 million/week to 11,000 individuals
 - Estimate collecting \$530 million in 2020
- Claims Data
 - State Unemployment Rate: 3.7%
 - 12 weeks maximum duration
 - UI rate must be above 5.5% before additional weeks added.
 - \$350 max weekly benefit amount
 - Average Weekly Benefit Amount: \$264.70 (Q3 2019)
 - Average Duration: 8.6 weeks (Q3 2019)
 - Exhaustion Rate: 47.1% (Q3 2019)
 - Reciprocity Rate: 8.6% (Q3 2019)
- Tax Data
 - Number of liable employers: 228,421 (2020); 221,537 (2019)
 - Taxable Wage Base (§G.S. 96-9.3): \$25,200
 - New Tax Rate notices went out in November.
 - Base Tax Rate remains at 1.9% for tax year 2018.

- Based on §G.S. 96-9.29(c) and most recent insured wages, Trust Fund balance would need to be below \$2.7 billion for the Base Tax Rate to increase to 1.9%.
- Average Tax Rate: .794% (2020); .808% (2019)
 - 20% of employers had a higher rate from 2019. (40% of these employers previously had new employer rate.)
 - 30% had lower rate
 - 50% had same rate
- Taxable Wage Base for 2020: \$25,200
 - Calculated annually as 50% of the Average Annual Insured Wage in NC

SCUBI

- What is SCUBI: Southeastern Consortium Unemployment Benefits Integration
- SC went live 1 year prior to NC.
- Been live in NC since Sept. 28, 2018, replacing a 30-year-old mainframe.
- Hurricane Florence, which ended up being the third largest disaster in the last 25 years, hit Wrightsville Beach two weeks prior to going live; a decision on whether to go live had to be made.
- Disaster Unemployment Assistance (DUA) had always been a paper-driven process with paper applications, weekly certifications and even paper checks.
- First week of Go-Live, we paid 8,800 claimants a total of \$2.7 million in benefits.
- Throughout the disaster declaration period, we processed 3,600 DUA claims and paid approximately \$2.2 million.
- We also paid 8,600 disaster related claims, about \$6.3 million.
- Most significant issue with Go-Live had more to do with not having sufficient staffing in our Call Center to handle the volume of calls than with the system itself.
- It was a tough transition, but mostly because our staff and the public were getting used to a system that had been in place for 30 years.
- To date, we have paid out \$200 million in benefits.
- Employers appear to be more comfortable in responding to the notice of claim and providing more detailed information regarding the separation.

- One of the great advantages to both DES and employers is the ability for employers to respond to a claim online. This prevents DES from having to call an employer to request additional information when ruling on the eligibility of a claimant. This has helped in reducing our timeliness guidelines set by USDOL.
- Two most notable issues with SCUBI
 - Benefits Integrity Department matching the National Directory of New Hires to our claimant file. This is done to ensure that we can identify current claimants who employers report as new hires. We have spent a lot of effort in getting this component fixed because it is crucial in being proactive in preventing overpayments.
 - Important to note that if we missed anyone through the New Hire crossmatch, we should still find anyone trying to defraud the system through the employer's Quarterly Tax Report.
 - Another significant issue has been with federal reporting. It has taken a great deal of effort to ensure that staff is comfortable that the system is accurately reflecting the work we perform.

What we are proud of:

- Opened a new operations center in Charlotte that centralized regional staff
- Moving towards using data analytics to drive productivity within the Division
- Core Measures:
 - Timeliness: 21-day first payments and determinations
 - Committee reduced the time frame for employers to respond to the notice of claim from 14 days to 10 days.
 - Employers responding electronically and not relying on mail has also helped with meeting the performance measure.
 - We are currently at 73% on first payments and 65% in determinations.
 - In 2018, prior to implementation, we were at 65% first payment and 42% in determinations.
 - Expect to be at 80%, which is the federal standard by the end of Q2.

- Improper Payment Rates
 - November 2018: Notified by USDOL that NC's Improper Payment Rate was 23%
 - 60% of improper payments due to claimant improperly reporting work search activities
 - Work and Earnings: 20%
 - Separation Issues: 10%
 - North Carolina has historically had high improper payment rates, but there has never been a concerted effort to fix.
- Administrative Funding
 - 20% reduction in Administrative Funding since 2015
 - 600 employees in 2015
 - 500 Current
- Utilization of temps and time limited positions